

FEBRUARY 5, 2020

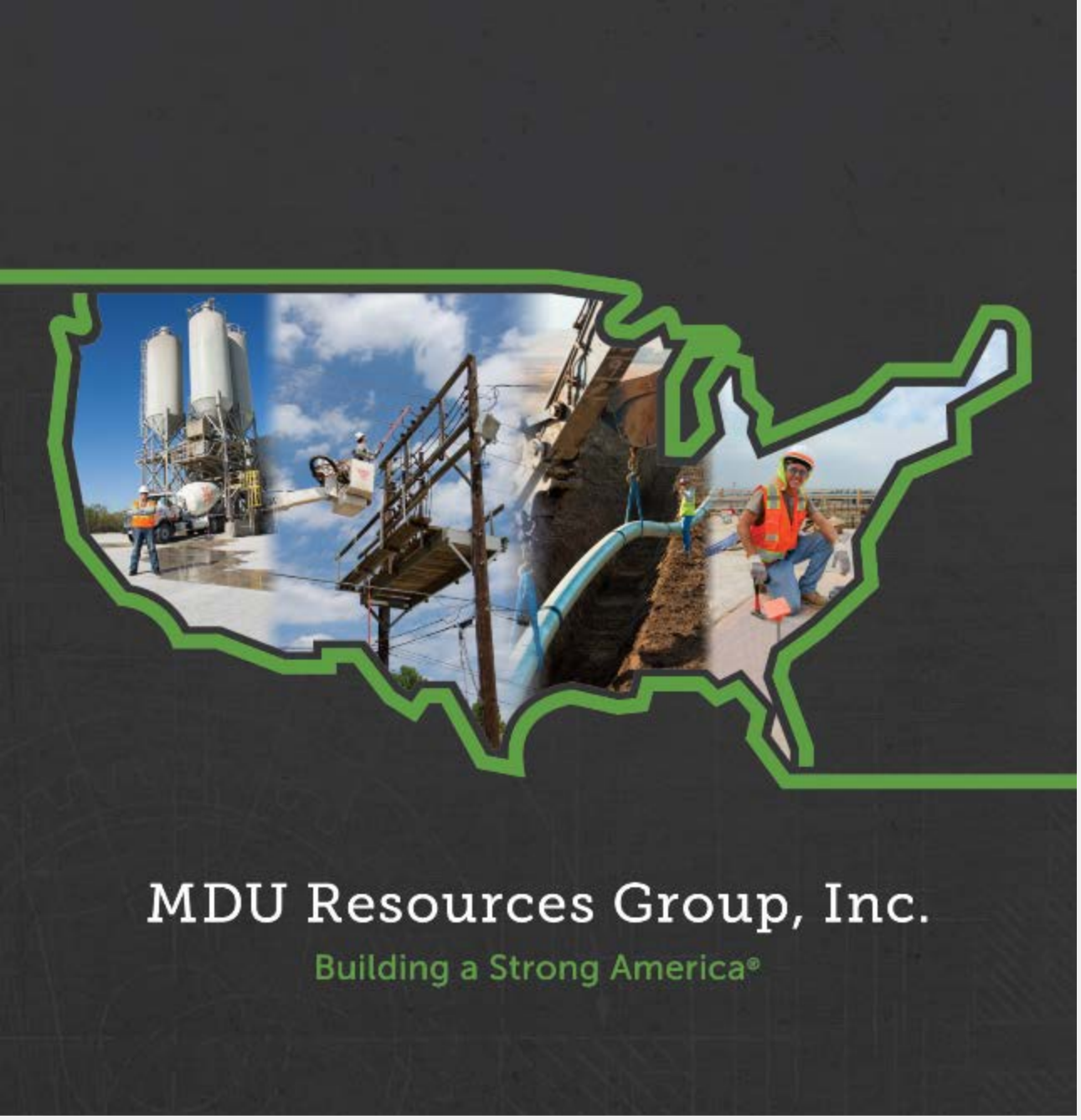
JASON VOLLMER
VICE PRESIDENT, CFO & TREASURER

2019 EARNINGS & 2020 GUIDANCE CONFERENCE CALL

FORWARD-LOOKING STATEMENTS

During the course of this presentation, we will make certain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. Although the company believes that its expectations and beliefs are based on reasonable assumptions, actual results may differ materially.

For a discussion of factors that may cause actual results to differ, refer to Item 1A – Risk Factors in the company's most recent Form 10-K and Form 10-Q.



With integrity, create superior shareholder value by expanding upon our expertise to be the supplier of choice in all of our markets while being a safe and great place to work.

LEADERSHIP TEAM

A. Dave Goodin
President & CEO

B. Jason Vollmer
Vice President, CFO & Treasurer

C. Stephanie Barth
Vice President, CAO & Controller

D. Dave Barney
Knife River
President & CEO

E. Jeff Thiede
MDU Construction Services Group
President & CEO

F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
MDU EC
President & CEO



2019 EARNINGS





ELECTRIC & NATURAL GAS UTILITY
YEAR-END 2019

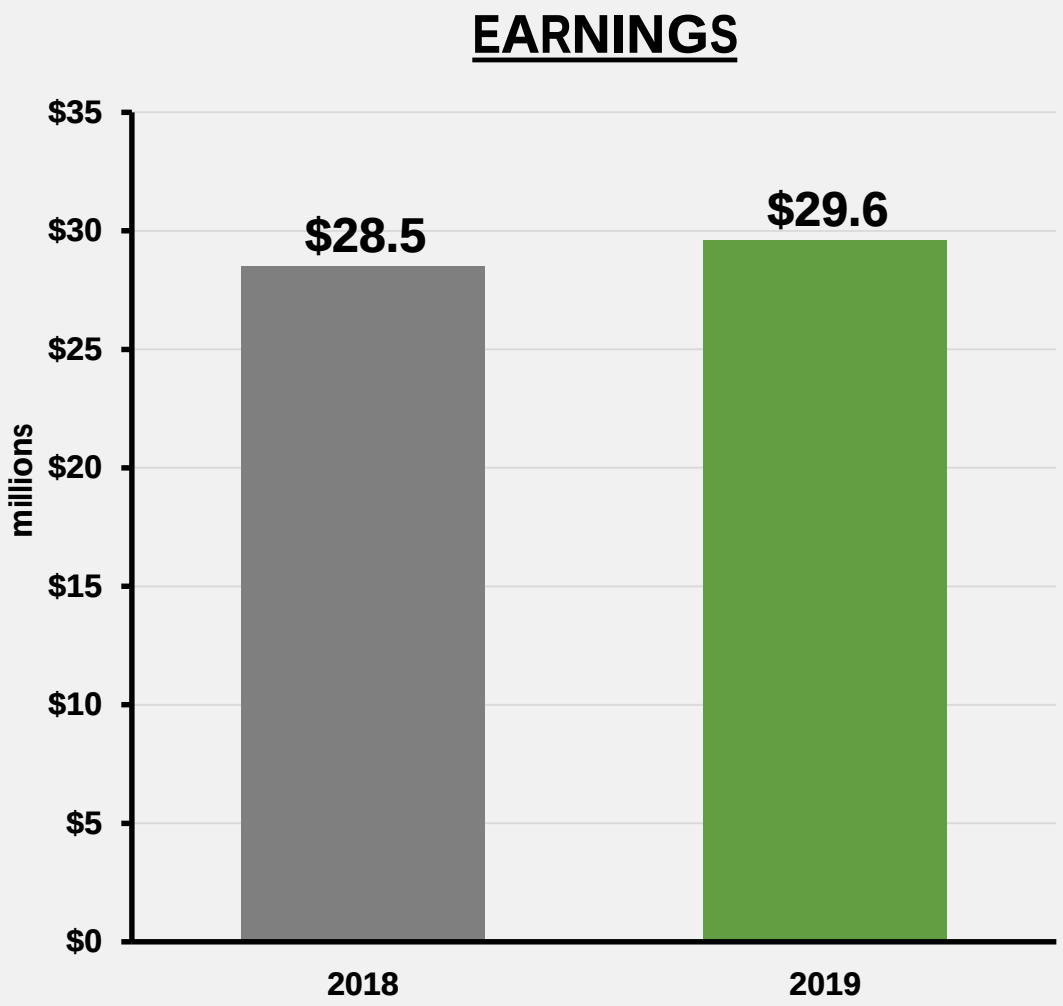
- Reported record earnings of $94.3 million
  - Higher natural gas distribution retail sales margins driven by a 9.9% volume increase and higher electric margins from approved rate recovery in Montana had a positive impact on earnings
  - Earnings benefited from higher investment returns
  - Earnings partially offset by higher depreciation, depletion and amortization expense and higher operation and maintenance expense

EARNINGS



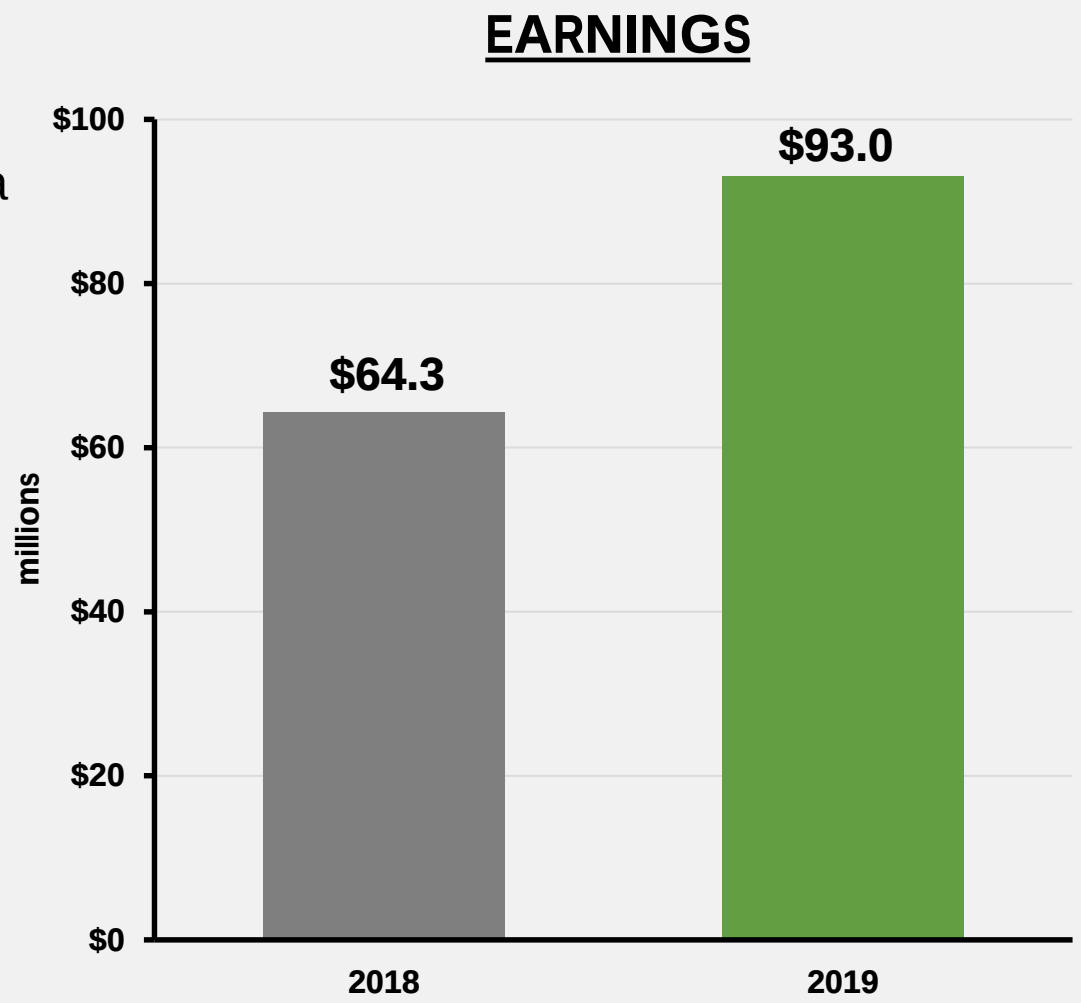
PIPELINE & MIDSTREAM
YEAR-END 2019

- Reported earnings of $29.6 million
  - Increased revenues from record transportation volumes due to organic growth projects and higher customer rates had a positive impact on earnings
  - Higher revenues were partially offset by higher depreciation, depletion and amortization expense and operation and maintenance expense
  - 2018 earnings included a $4.2 million tax benefit resulting from the reversal of a regulatory liability



CONSTRUCTION SERVICES
YEAR-END 2019

- Reported record earnings of $93.0 million
  - Higher inside specialty contracting margins as a result of increased workloads in several industries
  - Higher outside contracting margins from strong utility customer demand
  - Earnings were partially offset by higher selling, general and administrative expense
- Record revenue of $1.85 billion, compared to $1.37 billion in 2018



CONSTRUCTION MATERIALS
YEAR-END 2019

- Reported earnings of $120.4 million
  - Higher contracting and materials revenues from strong economies in several states and higher materials volumes relating to acquisitions made since the third quarter of 2018
  - Also contributing to the year were asset sales gains and higher investment returns
  - Partially offsetting the earnings increase was higher selling, general and administrative expense
- Record revenue of $2.19 billion, compared to $1.93 billion in 2018





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DAVE GOODIN
PRESIDENT & CEO

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ELECTRIC & NATURAL GAS UTILITY OUTLOOK

- Expects to grow rate base by 5% compounded annually over the next five years
- Safely meet customer demand by upgrading and expanding infrastructure and facilities
- Customer base expected to continue growing by 1-2% annually
- Focused on timely regulatory recovery





PIPELINE & MIDSTREAM OUTLOOK

- Demicks Lake Expansion project
  - Will increase capacity, as designed, by 175 million cubic feet per day
  - Brought into service on February 4th 2020
- North Bakken Expansion project
  - Will increase capacity, as designed, by an estimated 350 million cubic feet per day
  - Expected to start construction in early 2021
  - Expected to be in service late 2021





CONSTRUCTION SERVICES OUTLOOK

- Ended 2019 with record year-end backlog of $1.14 billion, up 22% from $939 million in 2018
- 2020 revenue guidance range of $1.85 billion to $2.05 billion
  - Margins comparable to or slightly higher than 2019
- Demand for specialty contracting work in the following areas:
  - High-tech, data center
  - Gaming and hospitality
  - Medical and public sector
  - Electrical transmission, distribution and gas utilities
- Exploring additional acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- Year-end backlog of $693 million, compared to record year-end backlog of $706 million in 2018
- 2020 revenue guidance range of $2.2 billion to $2.4 billion
  - Margins comparable to or slightly higher than 2019
- Economic conditions continue to be strong in many states of operation
- 1.1 billion tons of aggregate reserves
- Evaluating additional acquisition opportunities that will continue to grow our existing footprint and enhance our market share

2020 EPS GUIDANCE INITIATED

$1.65 – $1.85

Consolidated EPS Guidance

Note: As of February 4, 2020

5 - 8% Long-Term Compound Annual Growth Rate Target

DIVIDEND GROWTH

- 82 consecutive years of quarterly dividend payments
- Dividend increased November 2019, making 29 consecutive years of increases
- 2019 annualized dividend $0.83 per share
- Member of S&P High-Yield Dividend Aristocrats index







INVESTOR RELATIONS

QUESTIONS





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MDU LISTED NYSE